

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Order entered: 8/15/2006

**ORDER RE: NEW 2006 ENERGY EFFICIENCY CHARGE RATES**

**I. INTRODUCTION**

In this Order we approve new Energy Efficiency Charge ("EEC") rates for customers of all the state's electric distribution utilities, effective with bills rendered September 1, 2006. We also require each electric distribution utility to provide notice to customers of the new rates as soon as is practical.

**II. PROCEDURAL HISTORY**

On August 2, 2006, we issued an Order establishing new Energy Efficiency Utility budgets for 2006, 2007, and 2008. That Order also set forth the process to be used to calculate the new 2006 EEC rates that would be necessary in order to collect the new 2006 EEU budget.

In accordance with this process, on August 7, 2006, the Vermont Department of Public Service ("DPS") filed via e-mail its calculation of the new 2006 EEC rates.

On August 8, 2006, Green Mountain Power Corporation ("GMP") filed via e-mail its comments on the DPS's calculation. GMP noted that Order Paragraph 5 of the Board's August 2, 2006, Order states that the new 2006 EEC rates would be effective with "service rendered August 1, 2006, and bills rendered September 1, 2006." GMP asserted that this language was conflicting because customers who have a bill rendered on September 1 do not necessarily have their meters read on August 1. Therefore, GMP requested that the Board order the implementation of the new 2006 EEC rates effective with bills rendered September 1, 2006.

No other comments were filed on the DPS's calculation of the new 2006 EEC rates.

**III. DISCUSSION AND CONCLUSION**

**New 2006 EEC Rates**

We have reviewed the DPS's calculation of the new 2006 EEC rates and conclude that the DPS correctly applied the approved methodology for calculating these rates. Accordingly, the

new 2006 EEC rates for customers in all utility service territories except for the City of Burlington Electric Department ("BED") will be:

*Rates for Customers Without Demand Charges*

Residential \$0.00493/kWh  
Commercial \$0.00461/kWh  
Industrial \$0.00309/kWh

*Rates for Customers with Demand Charges*

Commercial demand customers \$0.00274/kWh plus \$0.6048/kW  
Industrial demand customers \$0.00227/kWh plus \$0.4359/kW

*Unmetered Street and Security Light Rate*

\$0.00461/kWh times the nominal wattage of the light times 360 hours per month.

The new 2006 EEC rates for customers in BED's service territory will be:

*Rates for Customers Without Demand Charges*

Residential \$0.00325/kWh  
Commercial \$0.00340/kWh  
Industrial \$0.00292/kWh

*Rates for Customers with Demand Charges*

Commercial demand customers \$0.00233/kWh plus \$0.3962/kW  
Industrial demand customers \$0.00192/kWh plus \$0.4686/kW

*Unmetered Street and Security Light Rate*

\$0.00340/kWh times the nominal wattage of the light times 354 hours per month.

Effective Date of New 2006 EEC Rates

GMP correctly notes in its filing that historically new EEC rates have been effective on a bills-rendered basis. We will continue this practice — the new 2006 EEC rates will be effective with bills rendered September 1, 2006.

Customer Notice

We intend to publish newspaper notice of the new 2006 EEC rates as soon as possible. A copy of the advertisement that we intend to publish is attached to this Order as Appendix A. However, we recognize that individual notice to customers in their electric bills is the most effective means of notifying customers about the new rates. Therefore, we will require each

electric distribution utility to follow the customer notice requirements of PSB Rule 5.308(A) to provide notice to customers as soon as is practical.<sup>1</sup>

There are two aspects of PSB Rule 5.308(A) that we must address as they relate to sending out notice of the new 2006 EEC rates: (1) when it is necessary to obtain the Clerk of the Board's approval of the form of the customer notice; and (2) the deadline for filing reimbursement requests for the incremental cost of providing the customer notice.

Rule 5.308(A) provides that if a utility uses an identical form to that approved by the Clerk of the Board in a prior year, except for the actual amounts of the EEC rates and the effective date of the new rates, it will not be necessary for the utility to obtain the Clerk of the Board's approval for the new notice. However, the Board has changed the text of the newspaper notice it will publish regarding the new 2006 EEC rates to make it more understandable to the general public. The Board's expectation is that this revised newspaper notice will be the template for notices of changes in EEC rates in future years, and would like utilities to consider using this revised text in the notices they provide their customers regarding the new 2006 EEC rates. Accordingly, if a utility uses a notice identical to the one contained in Appendix A to this Order except for information that does not apply to the rates paid by customers of that utility,<sup>2</sup> it will not be necessary for the utility to obtain the Clerk of the Board's approval for the new notice. If a utility would like to use a different form for the notice, it must obtain the Clerk of the Board's approval.

PSB Rule 5.308(A) allows each distribution utility to request reimbursement from the EEU Contract Administrator for the incremental cost of providing notice to customers of new EEC rates. However, because of the timing of this change, the deadline for requesting such

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1. We recognize that the deadline for inclusion in a utility's bill insert or newsletter that will accompany bills issued September 1 may already have passed. If that is the case, we expect such utility to include information about the new EEC rates in the next possible bill insert or newsletter.

2. For example, it is not necessary for utilities other than the City of Burlington Electric Department ("BED") to include information about the rates paid by customers of that utility or the following paragraph of the notice which relates to those rates and BED's delivery of energy efficiency services.

reimbursement that is stated in the rule cannot be met.<sup>3</sup> We have determined that it is appropriate to allow utilities the same amount of time to file requests for reimbursements that the rule provides when the rate is changed each calendar year. Therefore, any such requests for reimbursement related to notifying customers of the new 2006 EEC rates must be received by the EEU Contract Administrator by November 20, 2006.

#### **IV. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The new 2006 Energy Efficiency Charge ("EEC") rates for customers of all Vermont electric distribution utilities shall be as stated above. These rates shall be effective with bills rendered September 1, 2006.

2. Each distribution utility shall publish notice, through a bill insert or newsletter, of the new 2006 EEC rates, as soon as is practical, in such form as the Clerk of the Board approves. If a utility uses postcard or "printed through the envelope" billing and therefore is unable to provide a bill insert or newsletter, the utility shall provide notice to customers of the new 2006 EEC rates in such form as the Clerk of the Board approves. If a utility uses a notice identical to the one contained in Appendix A to this Order except for information that does not apply to the rates paid by customers of that utility, it shall not be necessary for the utility to obtain the Clerk of the Board's approval for the new notice.

3. Any utility requests for reimbursement of incremental costs related to notifying customers of the new 2006 EEC rates (pursuant to Public Service Board Rule 5.308(A)) must be received by the Energy Efficiency Utility Contract Administrator by November 20, 2006.

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3. PSB Rule 5.308(A) requires that any utility requests for reimbursement be received by the EEU Contract Administrator by February 20 of the year in which the new EEC rates will take effect.

Dated at Montpelier, Vermont, this 15<sup>th</sup> day of August, 2006.

<u>s/James Volz</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: August 15, 2006

ATTEST: s/Susan M. Hudson  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)*

## Appendix A

### VERMONT PUBLIC SERVICE BOARD NOTICE Energy Efficiency Charge Increase for the Rest of 2006

Since 2000, Vermont electric bills have included an Energy Efficiency Charge (EEC). Funds collected by the charge pay for energy efficiency services designed to save money by reducing Vermont's electricity needs. This notice contains the new EEC rates that take effect on bills sent out September 1, 2006 or later.

The EEC pays for an organization called Efficiency Vermont to provide energy efficiency services to most of the state. For more information, including technical advice, education, rebates and other financial incentives for homes, farms and businesses, contact Efficiency Vermont toll free at 1-888-921-5990 or at [www.efficiencyvermont.com](http://www.efficiencyvermont.com).

Energy efficiency benefits Vermont in two ways: first, using less electricity lowers the bills of individuals who take steps to reduce their power use; second, and more importantly, when statewide use goes down, it reduces electric utilities' *total* system costs, which would otherwise be paid by all electric customers through rates.

**Customers of most Vermont electric utilities.** Effective on September 2006 bills, the EEC rates for all customers except those of the City of Burlington Electric Department (BED) will be:

	<u>Current EEC rates</u>	<u>New 2006 EEC rates</u>
Residential:	\$0.00385 per kilowatt hour (kWh)	\$0.00493 per kWh
Commercial:		
Non-demand customers	\$0.00367 per kWh	\$0.00461 per kWh
Demand customers	\$0.00218 per kWh plus \$0.4815 per kilowatt (kW)/month	\$0.00274 per kWh plus \$0.6048 per kW/month
Industrial:		
Non-demand customers	\$0.00244 per kWh	\$0.00309 per kWh
Demand customers	\$0.00179 per kWh plus \$0.3451 per kW/month	\$0.00227 per kWh plus \$0.4359 per kW/month
Street and Area Lights:	\$0.00367 per kWh, determined by multiplying the light wattage by 360 hours per month	\$0.00461 per kWh, determined by multiplying the light wattage by 360 hours per month

**BED customers.** Effective on September 2006 bills, the EEC rates for BED customers will be:

	<u>Current EEC rates</u>	<u>New 2006 EEC rates</u>
Residential:	\$0.00272 per kWh	\$0.00325 per kWh
Commercial:		
Non-demand customers	\$0.00285 per kWh	\$0.00340 per kWh

Demand customers	\$0.00196 per kWh plus \$0.3320 per kW/month	\$0.00233 per kWh plus \$0.3962 per kW/month
Industrial:	\$0.00162 per kWh plus \$0.3940 per kW/month	\$0.00192 per kWh plus \$0.4686 per kW/month
Street and Area Lights:	\$0.00285 per kWh, determined by multiplying the light wattage by 354 hours per month	\$0.00340 per kWh, determined by multiplying the light wattage by 354 hours per month

BED rates differ from the rest of the state because BED provides energy efficiency services to its own customers. BED customers with questions about their EEC rates or about energy efficiency services can contact BED at 802-658-0300.

For more information about the charge, please contact your local utility or the Department of Public Service Consumer Hotline at 1-800-622-4496.